



California Life Sciences Action Plan

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California Commission for Economic Development

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MPAC

About BayBio

1. BayBio is an industry organization, founded in 1990, that serves and supports the Northern California bioscience industry. BayBio is committed to advancing the bioscience industry through enterprise development, advocacy, group purchasing, education and communications.
2. BayBio reflects its membership: 425 organizations engaged in or supportive of the development of advanced life science products. A third of members are in the device, diagnostic or research tools business.
3. Affiliated with the Biotechnology Industry Organization (BIO), AdvaMed, MDMA, NVCA
4. Offices in South San Francisco, Emeryville, and Sacramento

Agenda

- Status of Plan
- Review Recommendations
- Next Steps



California Life Sciences Action Plan Review



Process and Status

- Prompted by Governor's request
- Private sector initiative
- Facilitated by The Monitor Group
- Involving Life Science stakeholders and more
- Submitted to Governor Schwarzenegger Q1 '04

California Life Sciences Action Plan Recommendations

IMPROVING THE FINANCIAL ENVIRONMENT

- Ensure that the State pays sufficient attention to the long-term health of innovation and the economy and in particular continues Federal compliance with the exclusion of biologic drugs in any discussion of drug importation.
- Harmonize Net Operating Loss (NOL) carry forward rules with Federal tax law, which provides for carryover of up to 20 years.
- Allow large Life Sciences companies, either headquartered in California or employing a significant number of Californians, to purchase discounted tax credits / deductions from small R&D firms.
- Establish a Manufacturer's Investment Tax Credit tied to job creation for new and expanding Life Sciences investments.
- Maintain and expand the qualified basic R&D tax credits.
- Change the apportionment formula for corporate income tax from the current triple factor formula to single sales factor formula.
- Instruct CalPERS to both fully deploy funds earmarked for Life Sciences investment and ensure that its asset allocation fully reflects the long-term value creation of the Life Sciences industry.
- Instruct the Business, Transportation and Housing Agency in conjunction with the Franchise Tax Board to examine the potential benefits of angel investor tax credits.

California Life Sciences Action Plan

Recommendations

REFORMING AND STREAMLINING REGULATIONS

- Eliminate redundancy and duplication between State agencies and Federal agencies. Eliminate the State Department of Health Services inspections that duplicate U.S. Food and Drug Administration regulation.
- Adopt broad harmonization program among Cal/OSHA and OSHA, Cal/EPA and EPA and agencies such as the Nuclear Regulatory Commission.
- Improve zoning and permitting regulations and processes by establishing an electronic standard that directly links State and local processes.

ACCELERATING TECHNOLOGY COMMERCIALIZATION

- Create a mandate for California State agencies, regional leadership groups, the University of California Office of the President, and University of California Technology Licensing Offices to collaboratively accelerate transfer of technology through improved commercialization practices, controls and incentives.
- Broaden the mandate and authority of the UC Directors of Technology Licensing Offices to encompass technology commercialization and new business formation activities.

California Life Sciences Action Plan Recommendations

PREPARING ADEQUATE HUMAN CAPITAL

- Instruct the Employment Development Department (EDD) to work with Life Sciences industry associations to forecast and communicate current and future Life Sciences industry employment needs by relevant skill category.
- Modify workforce training and development expenditures in better alignment with Life Sciences.
- Designate four regional academic centers to spearhead statewide efforts to develop more clinical science and laboratory programs and regional, intersegmental (community colleges, State universities) training facilities.
- Mandate public educational institutions, in collaboration with industry, to continue develop programs, including internships and rotations, that prepare students and scientists for work in the private sector in order to create a more versatile future workforce.
- Ensure state education officials place greater focus on science education throughout the public school system.

California Life Sciences Action Plan Recommendations

RESOLVING CRITICAL INFRASTRUCTURE NEEDS

- Continue to provide support for bio-research parks.
- Facilitate development of commercial space and revitalization efforts for start-up and young Life Sciences companies by creating and supporting enterprise zones.
- Continue to provide funding for the new centers of science and innovation: QB3, CITRIS, California NanoSystems Institute.
- Find acceptable solutions for the disposal of low-level radioactive waste and expedite decommissioning requirements.
- Ensure reliable sources of water and power.
- Establish an electronic index of California commercial real estate for investment attraction purposes.

California Life Sciences Action Plan Recommendations

INSPIRING LIFE SCIENCES COMMUNITY COLLABORATION

- Establish a California CEO Advisory Group for Life Sciences to present a shared voice for the industry in California.
- Appoint senior administration official(s) as a liaison to the Life Sciences industry to enable ongoing dialogue with the Governor's office.
- Foster education and awareness about Life Sciences by instructing government officials to become more active in Life Sciences regional organizations' advisory panels and summits through the California Assembly Select Committee on Biotechnology.
- Develop an Emerging Technology Business and Entrepreneurship Council that includes representatives from State agencies, legislators, and serial entrepreneurs to monitor the impact of policy on the entrepreneurial climate and to create a Governor's "Entrepreneur of the Year" award.

California Life Sciences Action Plan

Current Status

- 20-year NOL carryforward in Senate (AB1370)
- EDD forecast completed (2006)
- CEO Advisory Group (2004-05)
- Senior Official appointed, Kathryn Lowell, Deputy Secretary, BTH (2007)

BayBio:IMPACT 2008

The 12 Point Action Plan

- Create a health information technology and life sciences investment capital gains tax amnesty
- Invest \$150 million over 10 years in UC-oriented life sciences incubators
- Convert California's R&D tax credit into a tax rebate
- Create a 20-year carry forward provision on the treatment of corporate net operating losses
- Create corporate tax incentives for major investments in California
- Increase State investment in Training Centers of Excellence
- Incentivize local communities to zone biotech regions in their master planning
- Expand allowable uses for the California Infrastructure and Economic Development Bank
- Establish a Harmonization Conference between CalEPA and U.S.EPA
- Establish a science fellows program to serve the State Government
- Establish a major economic incentive for bioprocessing and biomanufacturing investments
- Establish a new California Science & Technology Trust

California Life Sciences Action Plan

Next Steps

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- First: State adoption.
- Second: re-visit relevance of and priorities among issues.
- Third: Identification/appointment of Government champions.
- Other?

California's Life Sciences Industry

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